

A. *7220 Gates Mill
B. *7224 Gates Mill
C. *7228 Gates Mill

D. *7232 Gates Mill
E. *7236 Gates Mill 2

*Perimeter wall/see
7248 Gates Mill

Debbie Ingrown 2-17-89

7232 GATES MILL RD.

COPIED TO HUNTSMAN PLASTERING
& CRAIG MOORE

January 19, 1989

Gates Mill Development Corporation
500 South 3rd Street
Las Vegas, Nevada 89101

1-26-89

& MICRO
FILM

Attn: Mr. Randy Blood
General Contractor

Dear Mr. Blood:

As you are undoubtedly aware, I have not yet accepted the exterior finish on my home. As indicated in the eight or so written punch lists, and the numerous verbal correspondences we have had, I have major concerns relative to not only the cosmetic appearances of the walls but the structural integrity as well.

Specifically, the problem seems to be based on a lack of adequate curing. This is probably due to the excessive sheeting action induced by the extremely smooth wall surface. Proper application of the Powerwall system would require that a thorough soaking of the exterior walls be applied a minimum of 3 or 4 times within the first two days of application, depending on the weather. This curing technique has proved to be satisfactory with Powerwall finishes of a textured design. This is obviously not satisfactory for the finish of the Gates Mill Homes. Despite unsatisfactory results in Phase I, and repeated cautions from your subcontractor, you insisted that both the design and the application remain unchanged. This proved to be a mistake as evidenced by the fact that your subcontractor was forced to return to the homes on at least two occasions to repair hairline cracks and other obvious abnormalities that had occurred subsequent to the initial application. All this additional work and aggravation could have been precluded had you taken the advice of the subcontractor and Powerwall manufacturer and immediately applied an elastomeric sealant type paint such as Powerlastic. This would have provided an airtight seal and enhanced the curing and hardening of the stucco, as well as camouflaging the normal expansion and contraction that causes the visible hairline cracking.

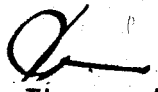
At any rate, the walls as finished do not meet the FHA/HUD/VA requirements for minimal flexural and compressive strength. They do not, in fact, meet the manufacturers' (and industry) standard "key" test. The stucco mortar should harden to the extent that a normal house key abrading the wall surface will not cause visible excavation with a minimal amount of pressure applied. This was confirmed by the manufacturer of your product, Powerwall, Inc., San Antonio, Texas.

Debbie Anguino 2-17-89

Page -2-
Mr. Randy Blood

It is incomprehensible to me that you can continue to operate, and construct, in this fashion without having satisfactorily completed the construction of your previously sold homes (satisfactory completion also includes your permanent fix of the leaking dishwasher and leaking roof.) It is for this reason that I am copying this correspondence to the attached list of regulatory agencies as well as C. Bailey Williams, Esq., Attorney-at-Law. Should you not respond to this letter within thirty (30) days of this writing, I shall be forced to take other action on the advice of my counsel.

Sincerely,


Thomas W. Yelvington
7232 Gates Mill Road
Las Vegas, Nevada 89128

cc: State of Nevada Contractor's Board
Department of Building and Safety, Mr. John Tucker
Veteran's Administration, Loan Office, Ms. A. Houseton
Better Business Bureau
C. Bailey Williams, Esquire

Dubbi Ingham 2-17-89

RE: Exterior Stucco Repair
Work Period May 20, 1988 - June 3, 1988

To Whom It May Concern:

We, the undersigned homeowners, acknowledge the above referred work was performed in a satisfactory and complete manner and the subcontractor performed this work in a professional manner.

HOMEOWNER SIGNATURES

DATE: _____

ADDRESS: _____